

Iluka Resources Limited



Getting the Balance Right

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TZMI Congress – Shanghai, China

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Disclaimer – Forward Looking Statements

Forward Looking Statements

This presentation contains certain statements which constitute “forward-looking statements”. These statements include, without limitation, estimates of future production and production potential; estimates of future capital expenditure and cash costs; estimates of future product supply, demand and consumption; statements regarding future product prices; and statements regarding the expectation of future Mineral Resources and Ore Reserves.

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- changes in product pricing assumptions;
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- changes in equipment life or capability;
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Non-IFRS Financial Information

This presentation uses non-IFRS financial information including mineral sands EBITDA, mineral sands EBIT, Group EBITDA and Group EBIT which are used to measure both group and operational performance. A reconciliation of non-IFRS financial information to profit before tax is included in the supplementary slides. Non-IFRS measures have not been subject to audit or review.

Mineral Resources Estimates

The information in this presentation that relates to Mineral Resources estimates on the Tapira and Puttalam Projects has been previously announced to ASX (see relevant slides for details). Iluka confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed. Iluka confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Mineral Sands – Part of Everyday Life



Roofbuilding/construction

Home/office

Bathroom/lifestyle

Kitchen/utilities



Automotive

Sporting goods/recreation

Healthcare/medicine

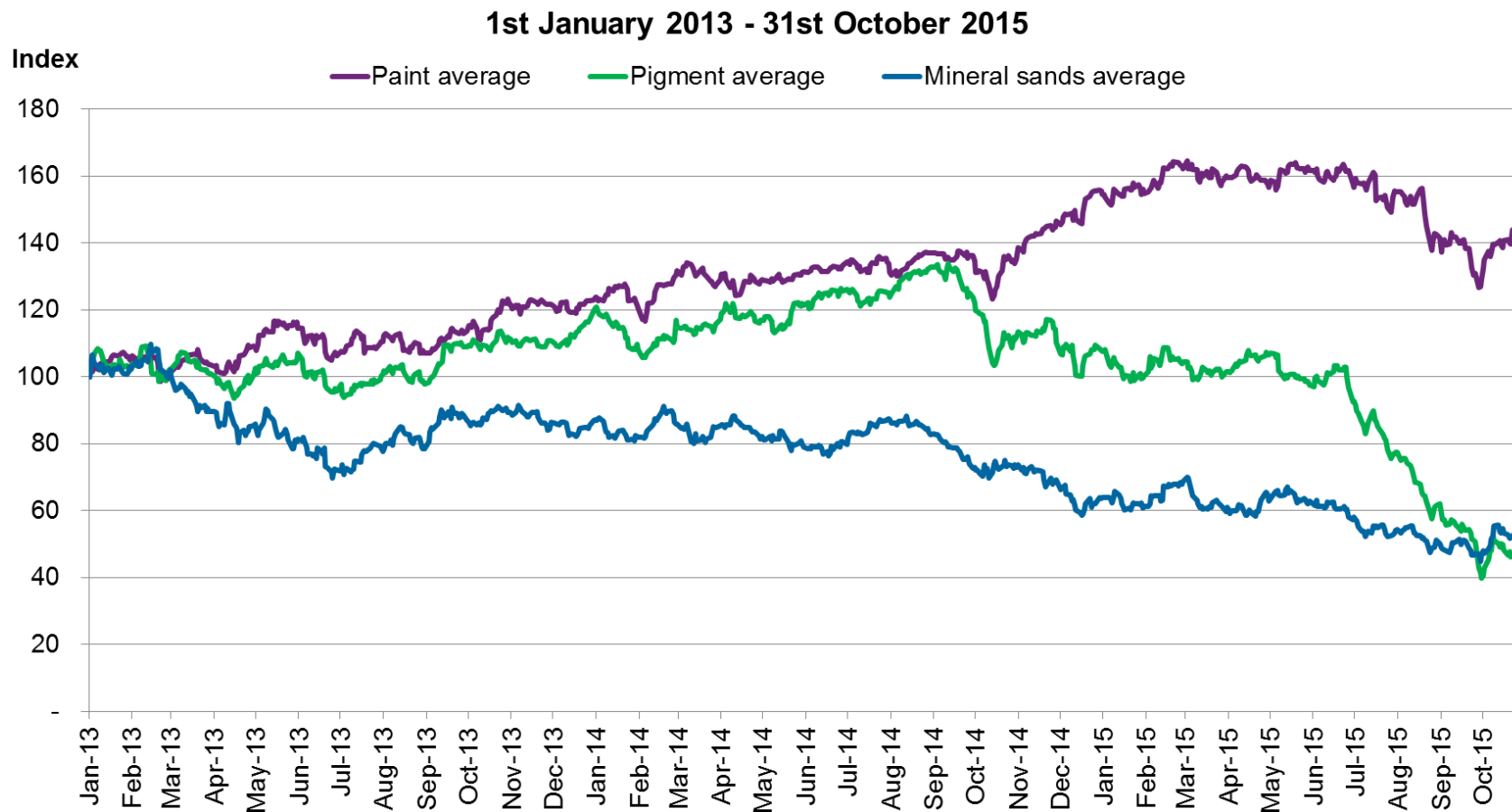
Aircraft/industry



Have the Wheels Fallen Off?



TiO₂ Industry Share Price Performance



- Paint average includes Akzo Nobel, PPG, Sherwin-Williams, RPM and Valspar
- Pigment average includes Huntsman, Tasnee, Tronox, Kronos, ISK, Henan Billions and Chemours from 22 June 2015
- Mineral sands average includes Iluka, Rio Tinto, Kenmare, Mineral Deposits, Base Resources and Sierra Rutile
- Calculated as a simple average of US\$ share prices

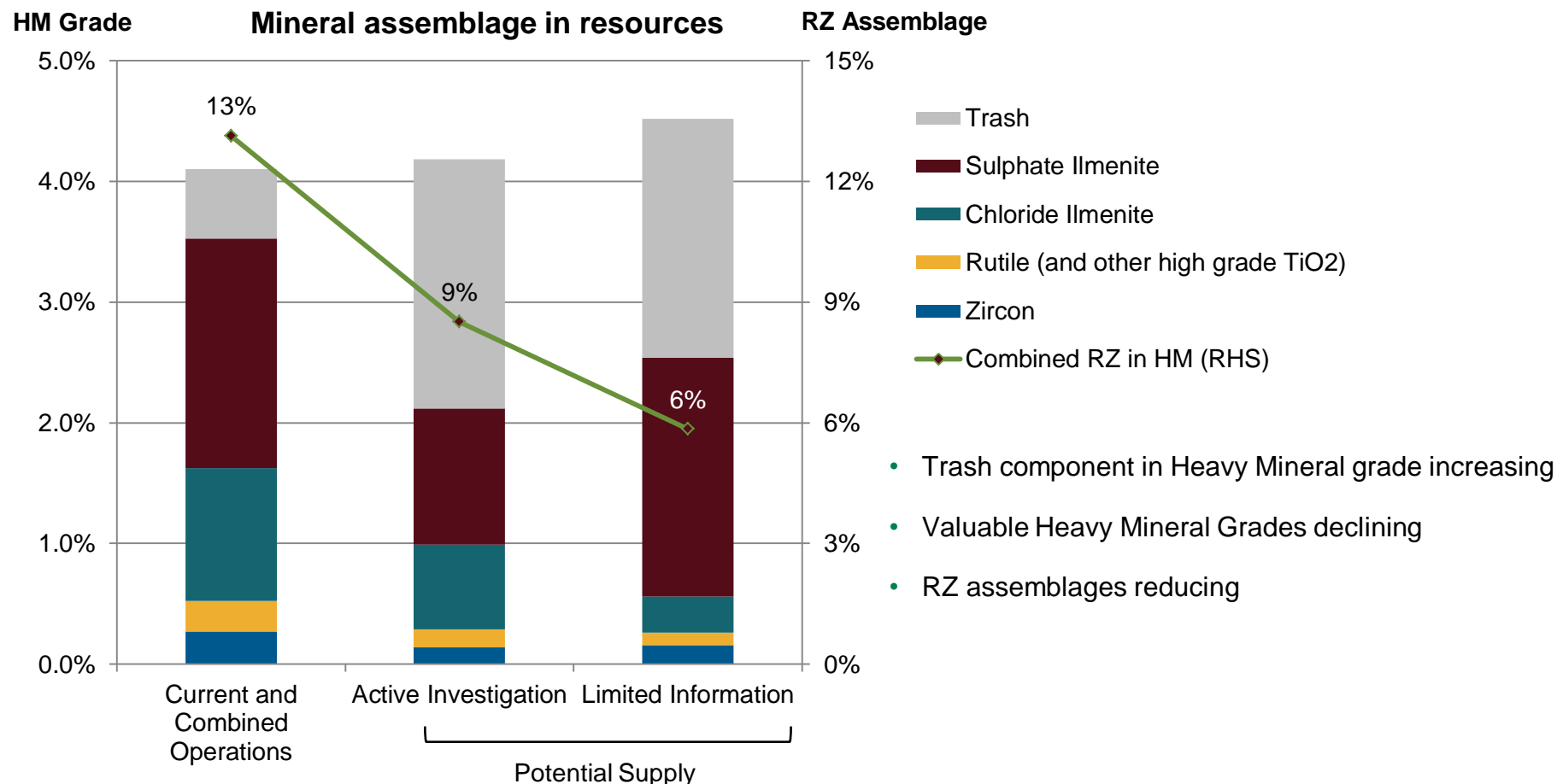
Industry Suffering “COBAL”

- C** Cash flow pressures
- O** Ownership uncertainties
- B** Balance sheet distress
- A** Asset quality concerns
- L** Leadership issues

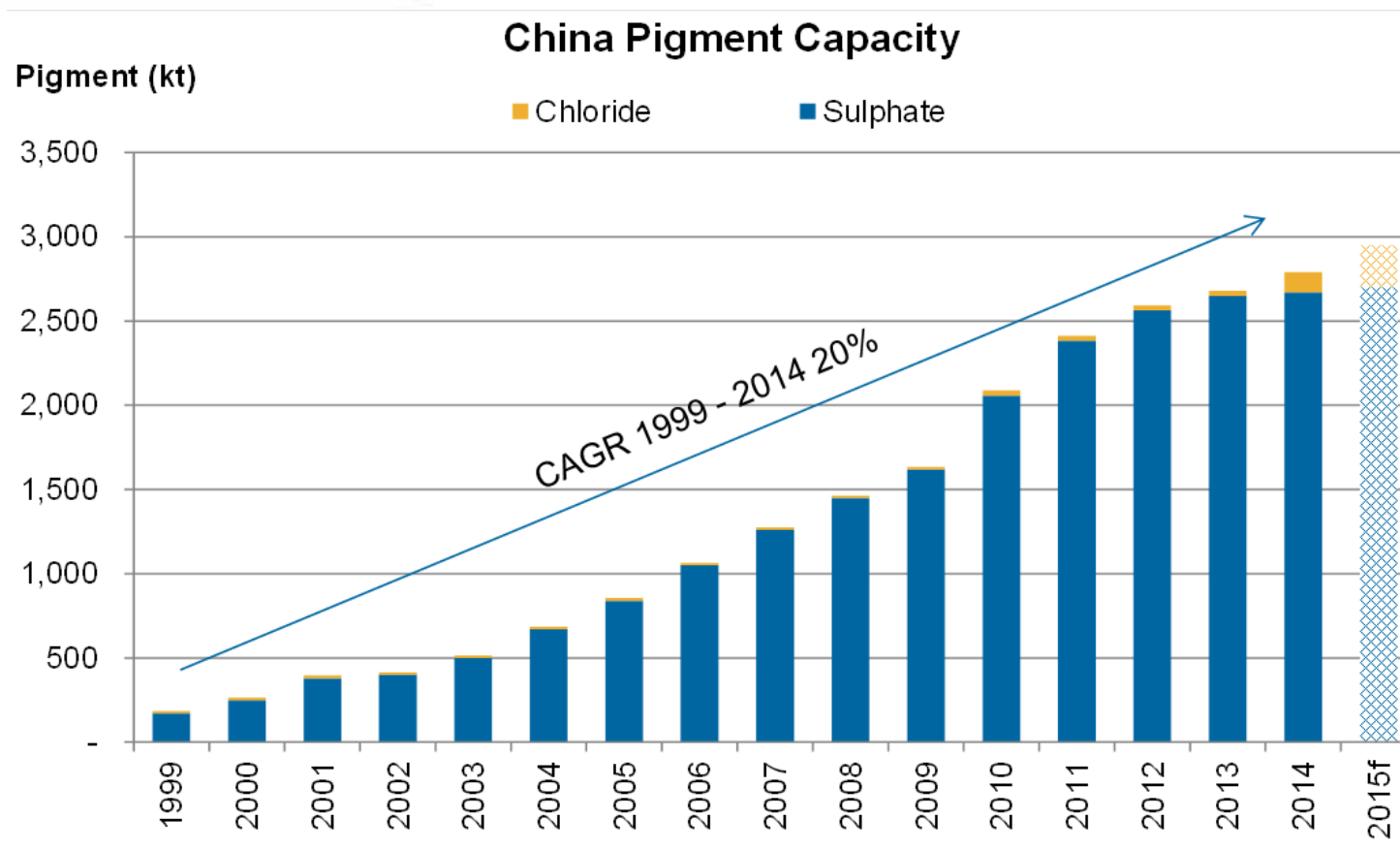
Industry Dynamics

VHM GRADE / ASSEMBLAGE DECLINE	MEDIUM TO LONGER TERM SUPPLY CHALLENGE	MATURING ORE BODIES / FRESH CAPITAL REQUIRED	HIGHER PRICES REQUIRED TO INCENTIVISE SUPPLY?	RISE OF CHINA – SULPHATE AND CHLORIDE PIGMENT
<ul style="list-style-type: none"> • Global decline in VHM <ul style="list-style-type: none"> – increasing trash • Global decline in assemblage <ul style="list-style-type: none"> – lower R/Z – higher sulphate ilmenite • Zircon and rutile credits critical to project economics • Technical challenges of new supply 	<ul style="list-style-type: none"> • Limited known high quality deposits • Poorer resources, often in higher risk jurisdictions • Supply issue in context of: <ul style="list-style-type: none"> – usage intensity increase (e.g. pigment in China) – urbanisation – consumerism – new applications 	<ul style="list-style-type: none"> • Major players operating within mature provinces • Increasing capital required to sustain production levels • Significant capital required for new supply to meet demand 	<ul style="list-style-type: none"> • Declining grades and assemblages <ul style="list-style-type: none"> – challenging economics • Operating costs increasing • Jurisdictional challenges more pronounced 	<ul style="list-style-type: none"> • China's consumption of TiO_2 is expected to continue growing • Production to date predominately sulphate • China chloride pigment industry encouraged • Requirement for imported feedstocks • Higher grade feedstock imports/ilmenite for domestic upgrading

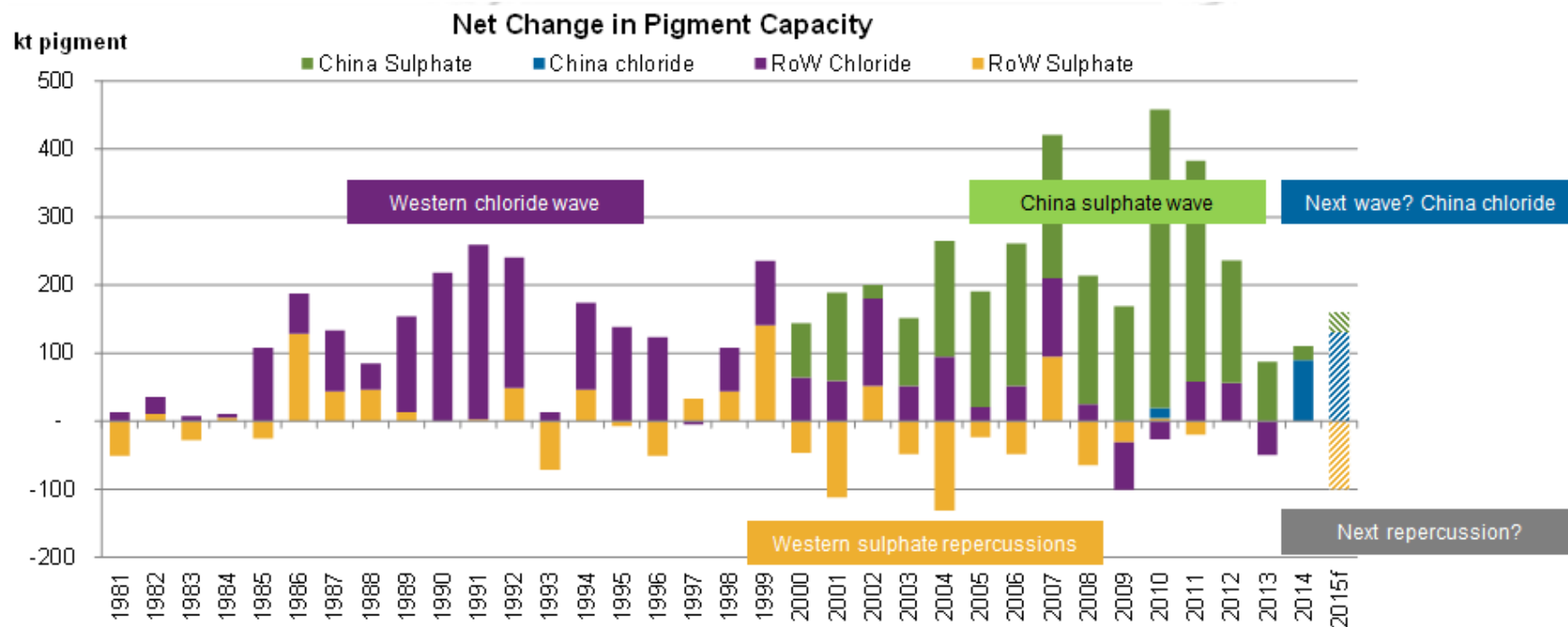
Global Grade and Assemblage Challenges



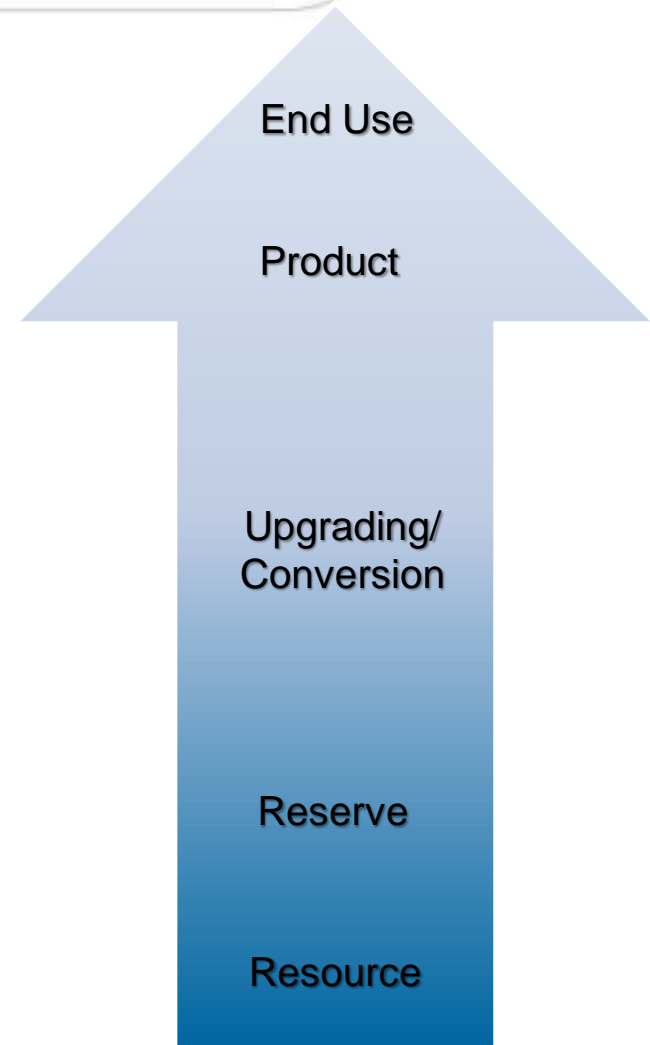
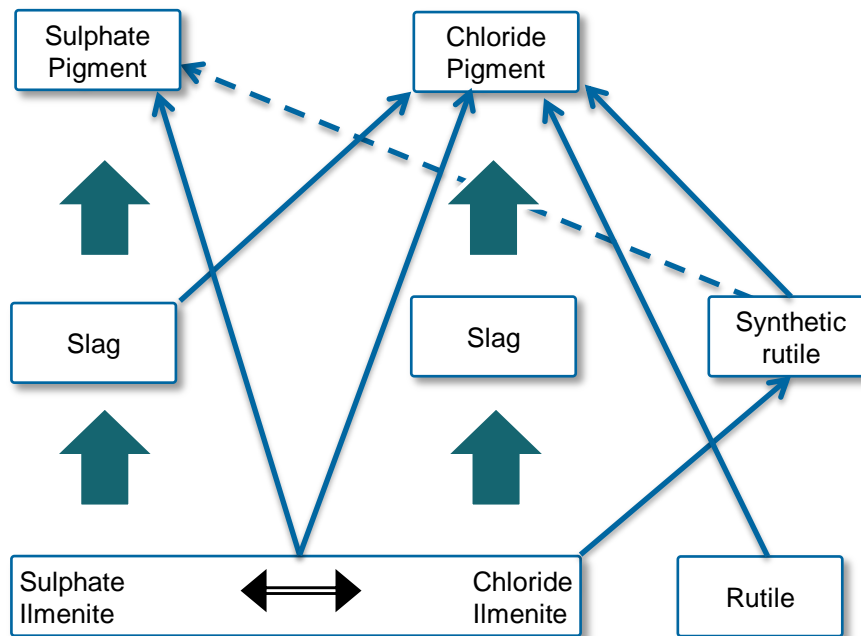
The Rise of China Pigment



Industry Technology Waves



Pathways to Pigment



Success in Mineral Sands

- Success in mineral sands requires
 - balance sheet strength, industry-specific technical expertise
 - market knowledge, access and reach
- Self-sufficiency a competitive advantage/essential for success
- Industry examples of shareholder value destruction associated with
 - lack of detailed understanding of ore body characteristics
 - failure to achieve throughputs, recovery, consistent product quality
- Commitment at Iluka to enhancing the company's technical expertise
 - process since 2006
 - initially a focus on “master of mineral sands” capabilities, project management
 - building bench strength in geological, metallurgical and processing capabilities
 - aided by appointment of industry experts internationally
 - more recent focus on innovation, especially resource to reserve conversion
 - feeds directly into product development and enhanced offer to customers

Extensive Mine Development Experience



Objective: Create and deliver value for shareholders

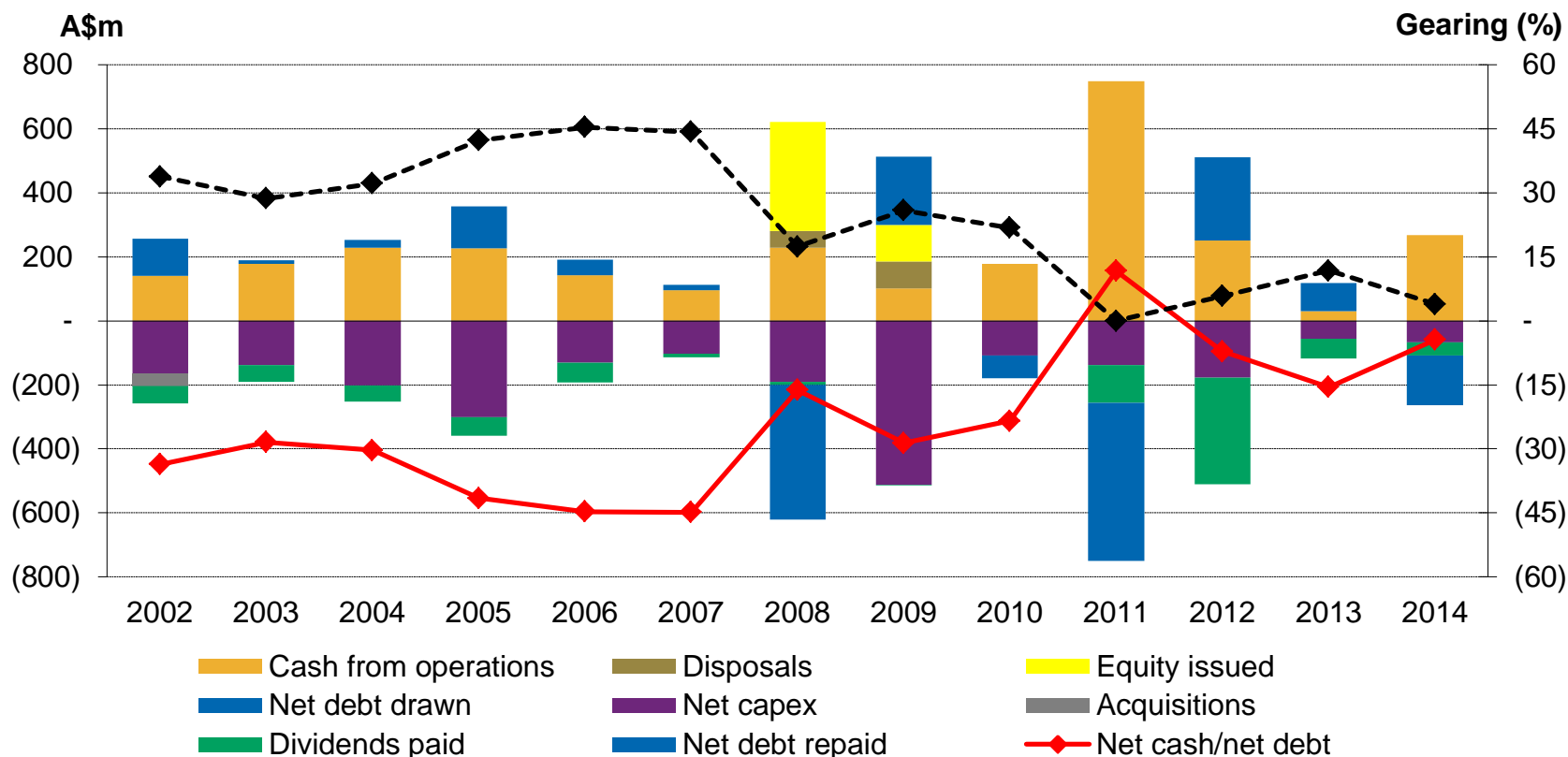


Three key aspects:

- flex asset operation in line with market demand
- preserve and advance growth opportunities
- act counter cyclically where appropriate

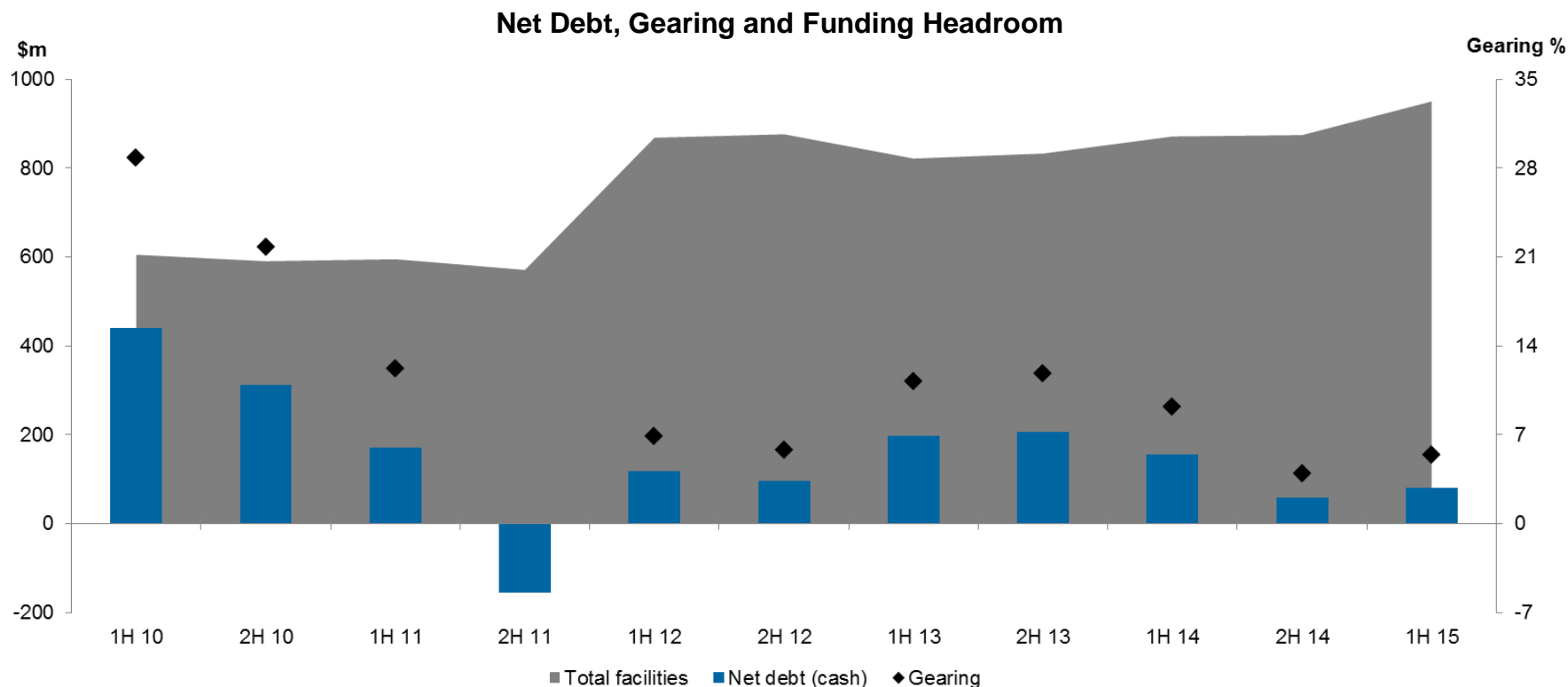
Organisational capabilities and alignment critical

Sources and Uses of Cash



- Efficient capital management since 2007
- Debt reduced – balance sheet strength restored
- Cash surplus to investing and balance sheet management returned to shareholders
 - 68 per cent of free cash flow returned since 2010 (\$635 million, \$1.52 per share)

Balance Sheet



- Balance sheet strength maintained
 - net debt (as at 30 June 2015) of \$80.2 million
 - gearing (net debt/net debt + equity) 5.4 per cent
 - undrawn facilities of \$784.9 million with total facilities of \$950.0 million
 - \$100.0 million in facilities added in 1H 2015

Preserve / Advance Growth Opportunities

EXPLORATION



INTERNAL PROJECTS



MARKET DEVELOPMENT



INNOVATION & TECHNOLOGY



Australian and international

\$11m spend in 1H 2015

Tier 1 discovery focus

Kazakhstan presence

Brazil drilling

Non-MS: Fowler drilling

Cataby:

- DFS completed
- timing flexibility

Balranald:

- EIS
- DFS Stage 1 in progress

Sonoran:

- PFS completed

Sri Lanka:

- scoping stage

Zircon pricing framework

China Technical Centre

Product development

ASSR:

- production 1H 2016

Metalysis:

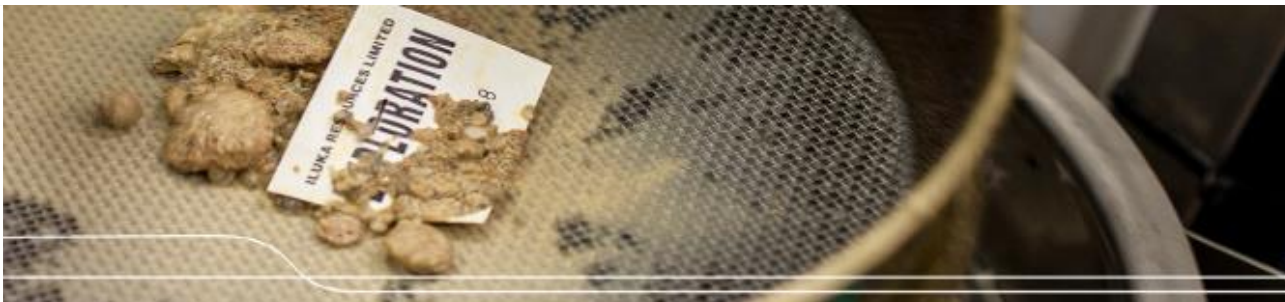
- feedstock customisation

Tapira:

- resource delineation
- technical route evaluation

Exploration

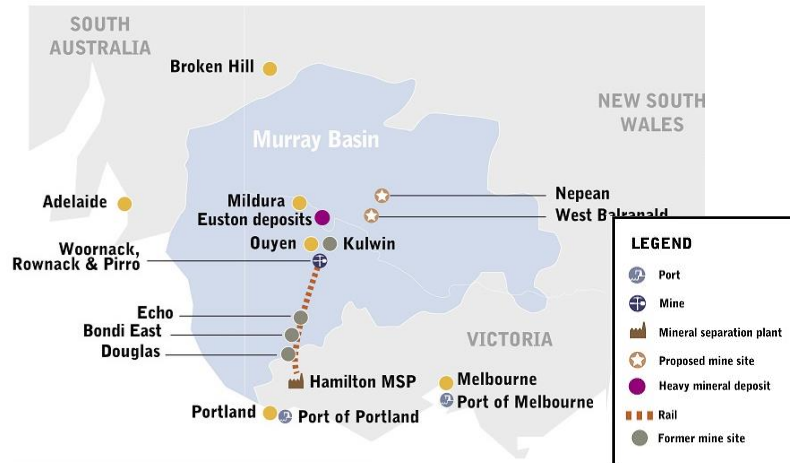
- Consistent, well funded exploration programme of ~\$20 million per annum
- Gated approach to exploration expenditure
- Exploration in Australia
 - testing new concepts in mature basins
- Increasing international focus
 - Sri Lanka, Kazakhstan, Brazil, US, Denmark
- Targeting ‘adjacent’ commodity opportunities also
- Capturing opportunities when others are ‘cash strapped’



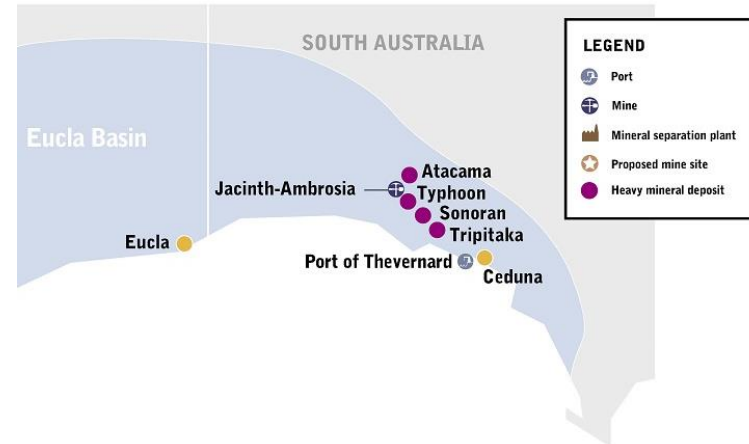
**Consistent Investment
in Exploration**

Project Development Options

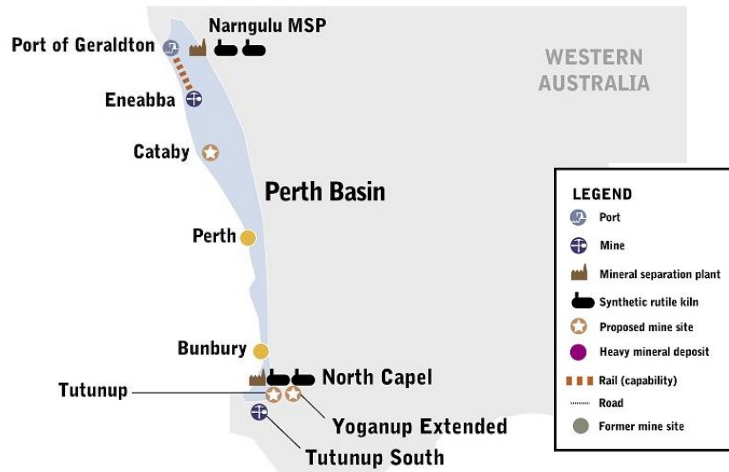
Balranald, New South Wales



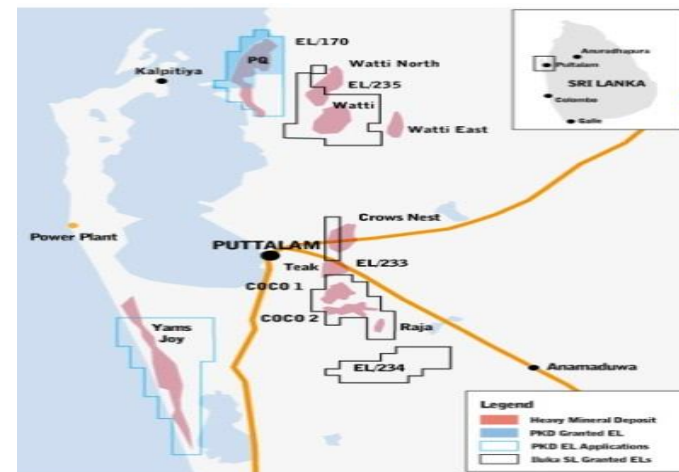
Eucla Basin Satellite Deposits, South Australia



Catby, Western Australia

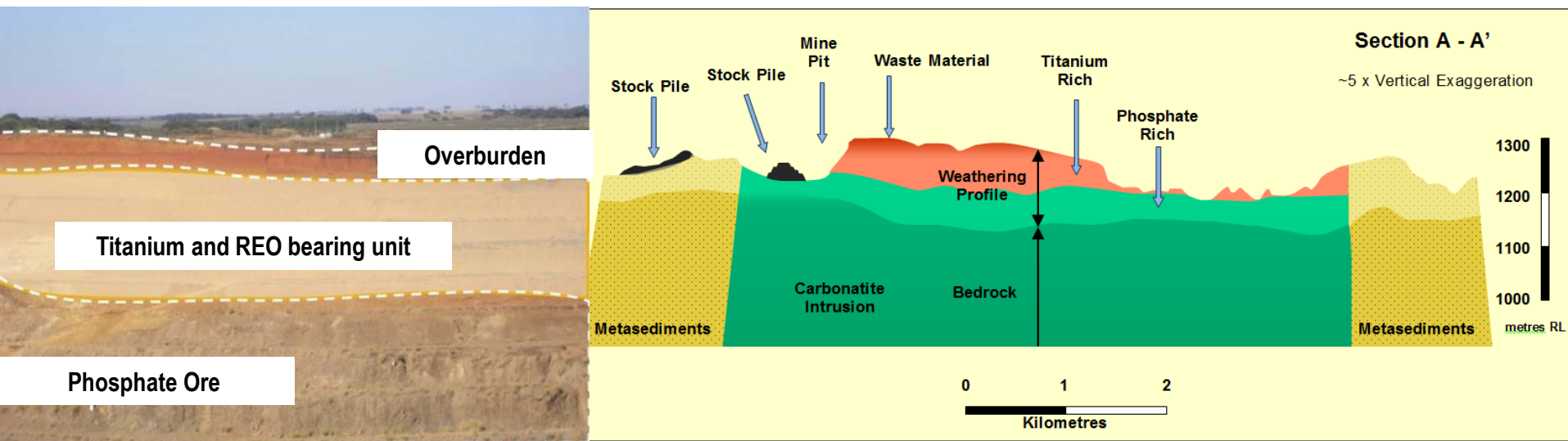


Puttalam, Sri Lanka



Tapira, Brazil

- Joint venture with Vale Fertilizantes and Vale S.A.¹
- Titanium and rare earth mineralisation in overburden of an existing phosphate mine
- Minerals include anatase, ilmenite, monazite, crandallite
- Phase 1 of Agreement - 2015
 - geological, technical evaluations, market assessment and pilot plant design
 - subsequent phases potentially include pilot plant, PFS, DFS and commercialisation



¹ Refer Iluka ASX Release 4 June 2014 and associated disclosure details.

- Iluka equity holding of 18.3%
 - right to increase up to 24.9% in event of IPO
- May revolutionise metal processing:
 - cost-effective and simple
 - transformational products
- Iluka shareholder value potential:
 - titanium feedstock customisation
 - increase demand for Iluka feedstocks
 - right of first offer over Ti production licences

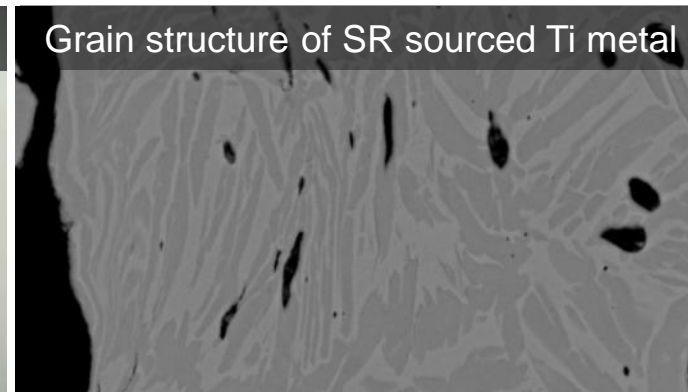
SR Mineral



Ti Billet



Grain structure of SR sourced Ti metal

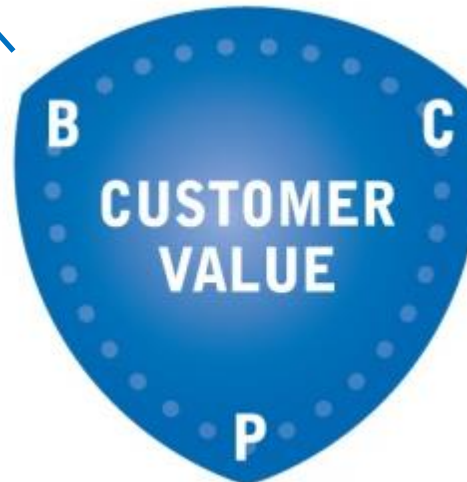


Iluka Game Plan



Iluka's Customer Proposition

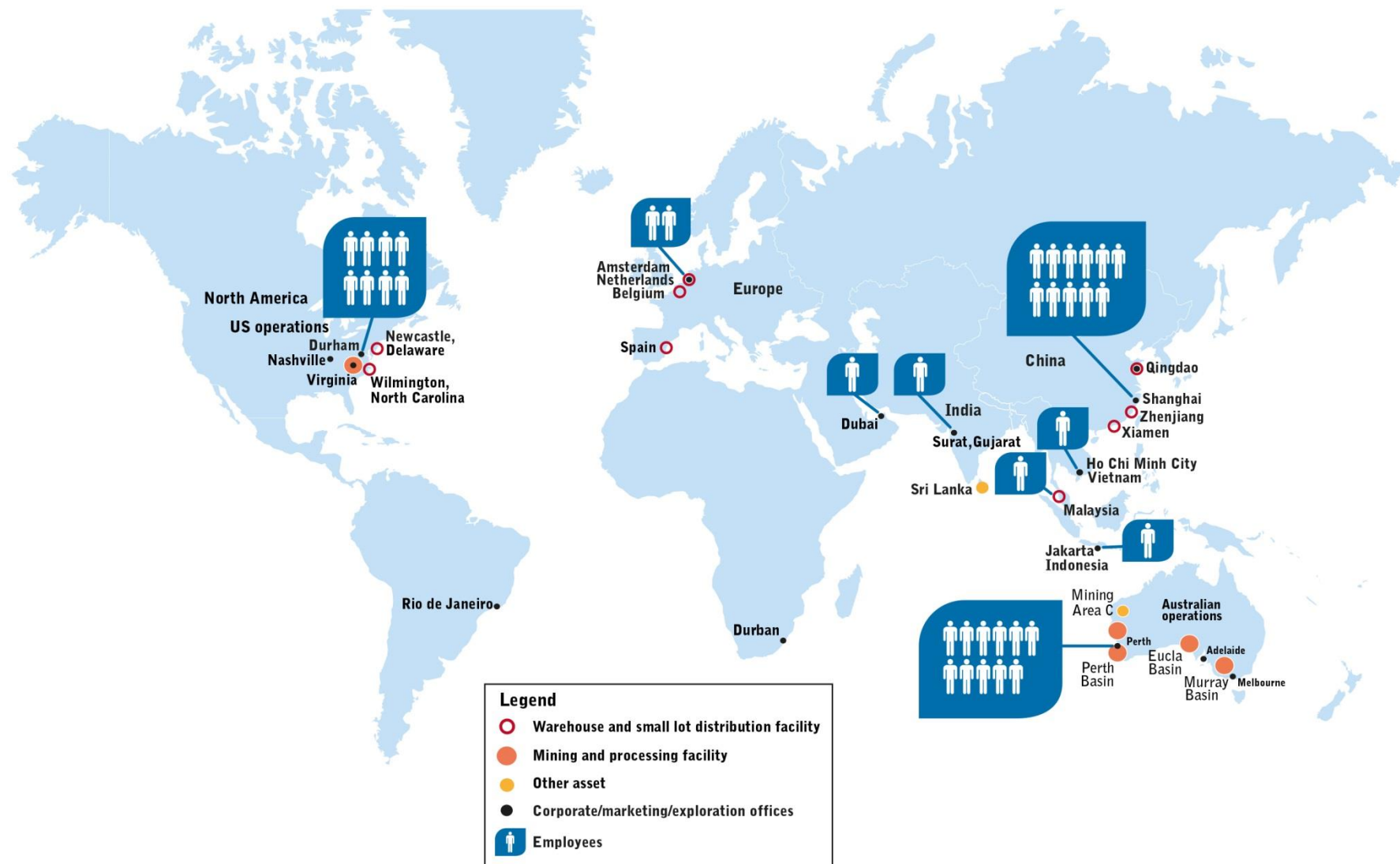
Reliability of Supply
Product Range
Product Quality
Technical Support



Efficient Operations
Efficient Delivery
Removed Intermediaries
Economies in Scale

Competitive
Increased Transparency
Based on Relative Economic Value
Grounded in Analysis

International Customer Support



Organised to Understand Customers

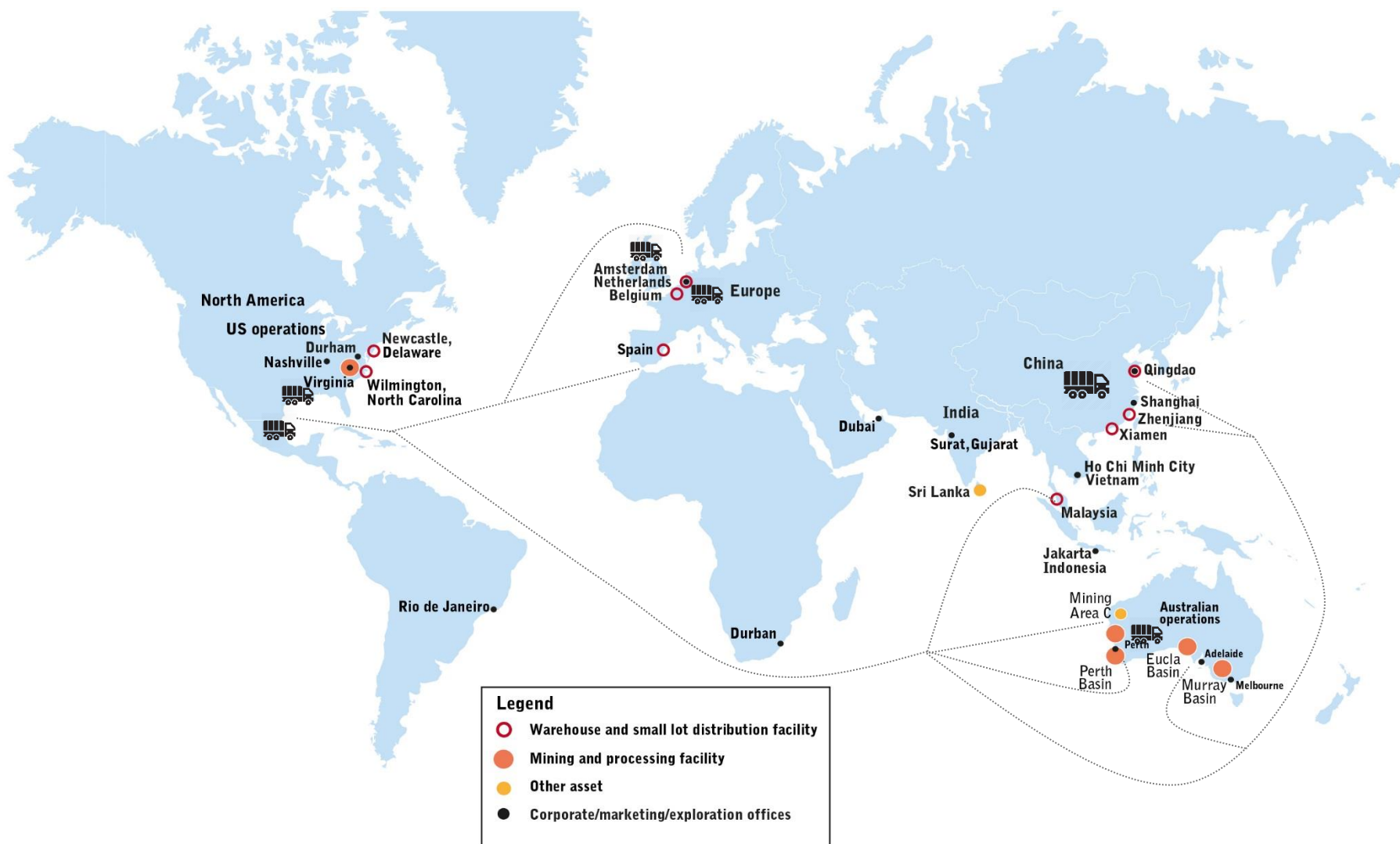
- Separate marketing, sales and analytics enables laser focus and deeper insight
- Embedded into the organisation experts who understand our customers industries
- Sales team speaks our customers language – 10 nationalities and 17 languages

Zr

Ti

IMTI

Hub and Spoke Distribution



Reliability in Product Offering

- All product shipped in last 12 months in conformance with specification
- Certified as complying with ISO 9001: 2008
- 8 new products launched in last 18 months



Product Development

COLLABORATION	INDUSTRY ANALYSIS	TECHNICAL SUPPORT
<ul style="list-style-type: none">• Collaborate with industry bodies and universities on industry-wide issues• Engage with like-minded customers for partnering on a range of opportunities	<ul style="list-style-type: none">• Assess end sectors and emerging trends• Position Iluka early to adapt to and benefit from new trends• Example: Ceramic tile study in its fourth year	<ul style="list-style-type: none">• Solution-focused support for customers around feedstocks and process issues• Multi-layered engagement with customers - not just a commercial relationship• Tailored development of new products



- Currently 10 development projects underway with partners
- Projects at various stages – from early R&D to one entering commercialisation

Summary – Iluka Areas of Focus

CREATE AND DELIVER VALUE FOR SHAREHOLDERS

SHAREHOLDER FOCUS

Iluka is focussed on shareholder returns through the cycle

MINERAL SANDS DEMAND GROWTH

Favourable medium term demand dynamics

TECHNICAL AND RESOURCE DIFFERENTIATION

Integrated mining and processing operations...flex production
in light of market conditions

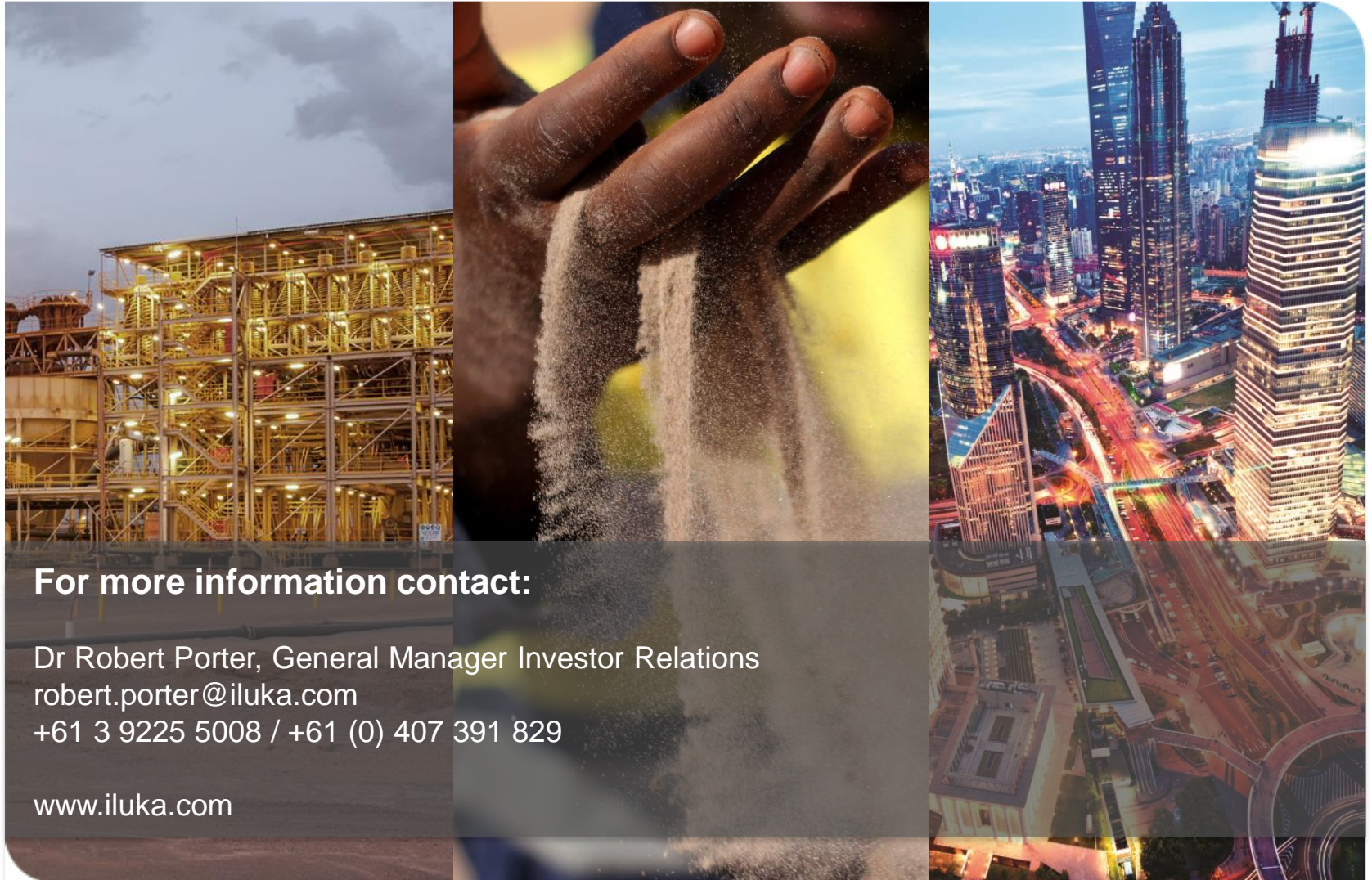
GROWTH OPPORTUNITIES

Internal growth options...commitment to exploration and
market development

Getting the Balance Right



Iluka Resources Limited



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